CARILLON EAGLE GROWTH & INCOME FUND

CARILLON FAMILY OF FUNDS

INSIGHT | COMMENTARY

FOURTH QUARTER | 2021

Investment Team

David Blount, CFA
Managing Director,
Portfolio Manager

Harald Hvideberg, CFA
Portfolio Co-Manager

Brad Erwin, CFA
Portfolio Co-Manager

Characteristics

Total Net Assets (billions) $1.02

Number of holdings: 41

Top 10 Holdings

Microsoft
Broadcom
Chevron
Cisco Systems
Texas Instruments
McDonald's
Home Depot
Automatic Data Processing
NextEra Energy
Coca-Cola

Please consider the investment objectives, risks, charges, and expenses of any fund carefully before investing. Call 800.421.4184 or your financial professional for a prospectus, which contains this and other important information about the funds. Read the prospectus carefully before you invest or send money.

Market Overview

The S&P 500 Index returned a strong +11.0% return in the fourth quarter, capping the year with a +28.7% gain. The market set 70 all-time highs during the year, the most in a single year since 1954. Also, for the first time, all sectors of the S&P 500 posted double-digit gains for the year. While various headlines (coronavirus variants, tighter monetary policy, rising inflation, and geopolitical tensions) dominated the conversation, perhaps the most important story was that stock prices actually trailed earnings growth, leading to a contraction in price-to-earnings multiples in 2021.

Portfolio Review

Best Securities	Average Weight (%)	Contribution to Return (%)
Broadcom	3.95	1.35
Microsoft	4.74	0.88
Prologis	2.77	0.86
Home Depot	3.20	0.79
Automatic Data Processing	3.15	0.70
Worst Securities		
Medtronic	2.35	-0.45
Comcast	2.21	-0.24
Garmin	0.82	-0.10
JPMorgan Chase	3.27	-0.08
AstraZeneca	2.00	-0.06

As of December 31, 2021. The information provided above should not be construed as a recommendation to buy, sell, or hold any particular security. The data are shown for informational purposes only and are not indicative of future portfolio characteristics or returns. Portfolio holdings are not stagnant and may change over time without prior notice. Past performance does not guarantee future results. Please note that the holdings identified do not represent all of the securities purchased, sold, or recommended for the fund. They are provided for informational purposes only. Carillon Tower Advisers, Eagle Asset Management, their affiliates or their respective employees may have a position in the securities listed. Please contact Carillon at 800.421.4184 to obtain the calculation's methodology and/or a list showing every holding's contribution to the overall fund's performance during the measurement period.

Semiconductor company Broadcom continued to experience strong cyclical tailwinds with investors arguing the current supply/demand environment is likely to last for another year.

Microsoft reported strong quarterly results across its various business units. Double-digit revenue growth is helping underpin very impressive operating margins. Azure, its cloud segment, helps position Microsoft overall as a top beneficiary as companies shift to digital solutions.

Prologis outperformed due to strong pricing and occupancy trends. Given its focus on logistics, Prologis has generally benefited from supply chain disruptions.

Home Depot stock performed well as investors became more confident in the duration of the housing cycle. The company is operating extremely well and inventory levels seem healthy. With sales trends across home improvement trending well above 2019 levels, we believe the stock remains well-positioned.

Automatic Data Processing (ADP) is benefiting from broad-based improving demand against the backdrop of strong gross domestic product (GDP) growth and a tight labor market. The company's outsourced human resources services model continues to gain market share as employment normalizes post-pandemic.

Medtronic traded lower early in the fourth quarter after disclosing an approximate one-year delay in the completion of the clinical trial for its new hypertension-treatment device. The stock also suffered late in the quarter due to concerns around the emergence of the omicron variant and the receipt of a U.S. Food and Drug Administration warning letter.

Comcast traded lower following the announcement of weaker than expected broadband subscription additions during the quarter. Between enhanced competition, and perhaps some demand pull-forward during the COVID lockdowns, the trajectory of this business segment is in question.

Garmin announced a stronger than expected quarter result and raised full-year guidance. However, the new implied fourth-quarter guidance was below expectations. We view the commentary as conservative and continue to like the company's differentiated product offering.

JPMorgan Chase detracted from performance in the fourth quarter due to increasing COVID-induced concerns about economic growth.

AstraZeneca reported disappointing third-quarter earnings and talked down operating margins for 2022 due to sustained spending on products to treat or prevent COVID.

Outlook

As we look toward 2022, we see a more balanced outlook for equity markets returns. While positive drivers supporting appreciation since April 2020 remain in place, headwinds emerged during the fourth quarter, adding uncertainty to several of those key drivers. Nonetheless, our inclination is that returns will remain healthy as a multi-year economic expansion remains underway.

One area of incremental uncertainty surrounds a change in U.S. monetary policy. Starting in mid-2021, it became increasingly apparent that inflation was more persistent than the U.S. Federal Reserve (Fed) initially assumed. While industrial commodity prices and transportation cost appreciation seemed to have eased, escalation in wages, food, and rents have been more structural in nature. That reality prompted a shift in policy announced in December. As we have stated throughout 2021, Fed policy has been a significant tailwind to equity market returns. A return to a "neutral" policy is necessary but has clearly clouded the picture in 2022.

On the COVID front, U.S. cases were set to fall by year-end 2021 with momentum building for a return to the pre-COVID economic backdrop in 2022. A resurgence in cases tied to the omicron variant in December disrupted that outlook. Early data on omicron point to a more contagious but significantly less severe variant. With well-developed vaccines, therapeutics, and natural immunity in place incremental shutdown policies have been limited, especially in the U.S. We see reopening momentum building throughout 2022, but new variants may make that track uneven.

The good news is the breadth of factors driving economic growth into next year. Consumer net worth is at all-time highs that are tied to strength in real estate, equities, and other asset classes. Wages and incomes are rising at rates not seen in decades. Corporate earnings are set to expand close to 10% in 2022 following 40% growth in 2021. Supply chain challenges that hindered production in 2021 are likely to diminish in 2022 and 2023. A severe shortage of inventory across retail and industrial markets will further support a rebound in production going forward. To that end, we believe 2022 GDP growth will likely be well above average.

On balance, we have not materially changed our constructive view on the outlook for the U.S. economy. Clearly, the fourth quarter injected some caution into equity markets that was previously unforeseen. Irrespective of market challenges, we remain confident in our program's ability to achieve our objectives by investing in high-quality, financially strong companies that pay above-market dividends. We were particularly pleased with the dividend growth of the portfolio and its ability to provide protection in an inflationary environment.

Risk Considerations: International investing presents specific risks, such as currency fluctuations, differences in financial accounting standards as well as potential political and economic instability.

Because the fund normally will hold a focused portfolio of stocks of fewer companies than many other diversified funds, the increase or decrease of the value of a single stock may have a greater impact on the fund's net asset value and total return.

As with all equity investing, there is the risk that an unexpected change in the market or within the company itself may have an adverse effect on its stock. The biggest risk of equity investing is that returns can fluctuate and investors can lose money.

There are risks associated with dividend investing, including that dividend-issuing companies may choose not to pay a dividend, may not have the ability to pay, or the dividend may be less than what is anticipated. Dividend-issuing companies are subject to interest rate risk and high dividends can sometimes signal that a company is in distress.

Growth companies are expected to increase their earnings at a certain rate. When these expectations are not met, investors may punish the stocks excessively, even if earnings showed an absolute increase. Growth company stocks also typically lack the dividend yield that can cushion stock prices in market downturns. The companies engaged in the technology industry are subject to fierce competition and their products and services may be subject to rapid obsolescence. The values of these companies tend to fluctuate sharply.

Investments in mid-cap and small-cap companies generally involve greater risks than investing in larger capitalization companies. Mid-cap companies often have narrower commercial markets, more limited managerial and financial resources, and more volatile trading than larger, more established companies.

Real Estate Investment Trusts (REITS) may be affected by economic conditions including credit risk, interest rate risk and other factors that affect property values, rents or occupancies of real estate.

Benchmark Index

The S&P 500® Index is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses, or sales charges.

CFD22-0062, Exp. 4/30/2022 CM-CFF-CEGIF